EMPLOYEE RECOGNITION AND AWARDS

- **1. REASON FOR ISSUE:** To revise Department of Veterans Affairs (VA) procedures regarding employee recognition and awards.
- **2. SUMMARY OF CONTENTS/MAJOR CHANGES:** This handbook contains mandatory VA procedures on incentive awards. The pages in this handbook replace the corresponding page numbers in Parts I, III and IV of VA Handbook 5017, dated April 15, 2002. These changes will be incorporated into the electronic version of VA Handbook 5017 that is maintained on the Office of Human Resources Management website. Significant changes include the addition of superior performance awards based on annual ratings of record and the new criteria for Quality Step Increases.
- **3. RESPONSIBLE OFFICE:** The Human Resources Management Programs and Policies Service (051), Office of the Deputy Assistant Secretary for Human Resources Management.
- **4. RELATED DIRECTIVE:** VA Directive 5017, "Employee Recognition and Awards."
- 5. RESCISSIONS: None.

CERTIFIED BY:

BY DIRECTION OF THE SECRETARY OF VETERANS AFFAIRS:

/s/

/s/

Edward F. Meagher Acting Assistant Secretary for Information and Technology William H. Campbell
Acting Assistant Secretary for Human
Resources and Administration

[Electronic Distribution Only]

EMPLOYEE RECOGNITION AND AWARDS

PART I. GENERAL PROVISIONS

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PART I. GENERAL PROVISIONS

1. PURPOSE

- a. This handbook contains mandatory Department of Veterans Affairs' (VA) policies and procedures, and suggested guidelines for administration of effective employee recognition and awards programs that help motivate employees to make contributions that support and enhance organizational goals and objectives.
 - b This handbook also:
- (1) Establishes criteria for determining eligibility for [superior performance awards and] quality step increases;
 - (2) Revises VA's scales of awards for granting time off and monetary awards;
- (3) Promotes the use of Special Award Programs that are directly linked to the achievement of organizational goals and objectives, including Productivity/Gainsharing Awards Program; and
- (4) Incorporates title 38 advancements (Special Advancements for Achievement and Performance) and cash awards policy, instructions, procedures and guidance into part V of this handbook.

2. **DEFINITIONS**

- a. **Award.** A generic reference to the entire range of rewards available to recognize an employee under VA's Employee Recognition and Awards Program including cash, non-monetary, honorary, and time off awards. (Unless otherwise noted, those title 38 employees covered under part V of this handbook are also covered under VA's Employee Recognition and Awards Program.)
- b. **Employee.** For purposes of VA's Employee Recognition and Awards Program, an employee means an individual who is:
 - (1) Appointed in the civil service by one of the following, acting in an official capacity:
 - (a) The President;
 - (b) A Member or Members of Congress, or the Congress;
 - (c) A member of a uniformed service;
 - (d) An individual who is an employee under 5 U.S.C., section 2105;
 - (e) The head of a Government controlled corporation; or
 - (f) An adjutant general designated by the Secretary concerned under section 709(c) of title 32;
 - (2) Engaged in the performance of a Federal function under authority of law or an Executive act;

- (3) Subject to the supervision of an individual named by subparagraph (1) above while engaged in the performance of the duties of a position; and
- (4) Currently performing at a successful level. (Performance requirements for Special Advancements and awards for Exemplary Job Performance and Exemplary Job Achievement for title 38 employees are contained in part V of this handbook.)
- c. **Key Officials.** For the purpose of this policy directive only, "key officials" refers to the following specified officials: Under Secretaries, Assistant Secretaries, Other Key Officials within VA Central Office, and key field officials (network and field facility directors and equivalent officials).
- d. **Necessary Expenses.** Costs associated with recognition under VA's awards program that enhance the honor and distinction given the award recipient(s).
- [e. **Superior Performance Awards.** A one-time cash award that may be granted to an employee based on his/her rating of record. These awards only apply to VA employees covered under VA's title 5 Performance Appraisal Program (see VA Handbook 5017, Part III, paragraph 2).]

3. PAYMENT OF AWARDS AND NECESSARY EXPENSES RELATED TO EMPLOYEE RECOGNITION

- a. Normally cash awards are paid by the organization(s) benefiting from the contribution. In cases where the organization primarily benefiting from the contribution is not the recipient's employing organization, funds may be transferred to the employing organization to cover the award amount.
- b. When a cash award is approved by a VA organization for a suggestion or contribution made by an employee of another Federal agency, arrangements shall be made to transfer funds to the recipient's employing agency unless the administrative costs associated with transferring funds would exceed the amount of the award.
- c. [Superior Performance Awards will be paid as lump-sum awards and should not be considered part of the basic pay of the employee.
- d]. Appropriated funds may be expended to purchase award items to be used in connection with recognition granted under VA's employee recognition and awards program.
- [e]. If deemed appropriate by the organization head or designee, the travel and per diem expenses for an award recipient and his or her guest or attendant may be paid for the purpose of attending an awards ceremony to receive an award. These expenses may be paid from funds or appropriations available to the organization to which the employee is assigned, the organization primarily benefiting from the contribution, or from several funds or appropriations of the various organizations benefiting.
- [f]. Appropriated funds may be expended to pay for ceremonial expenses (see part IV, appendix B of this handbook for information on planning a ceremony) and to furnish light refreshments at awards ceremonies when:

- (1) The ceremony is truly "ceremonial" and is not a part of the organization's typical day-to-day activities;
- (2) A determination is made by the organization head that light refreshments would enhance the effectiveness of the awards ceremony [; and
- (3) OF Bulletin 03GA1.01, February 5, 2003, offers guidance on necessary expenses associated with an awards ceremony.]
- [g]. Decisions regarding other expenses in connection with awards that involve expenditure of appropriated funds will be determined based on application of relevant Comptroller General decisions and VA financial policy. A summary of Comptroller General decisions relevant to the employee recognition program is located in part III, appendix E of this handbook.
- [h]. Expenses for appropriate promotion, publicity, and administration of awards may be incurred at the discretion of key officials as a necessary expense of administering their awards programs in accordance with VA financial policy. Necessary expenses may include appropriate items which enhance the ceremony and presentation of awards.
- **4. AUTHORITY TO APPROVE AWARDS.** Authority to approve awards is subject to the provisions outlined below except that as a courtesy, any award being recommended for an employee of another organization should receive concurrence by the appropriate official in the employing organization.
- a. **Cash Awards.** All cash awards [] must be approved at a higher management level than that which recommended []. [However,] key officials, including the Secretary and Deputy Secretary, may act as both the recommending and approving official on all monetary awards within their delegated approval authority. []
- (1) [Under Secretaries], Assistant Secretaries, and other Central Office organization heads may approve special contribution[, superior performance] and productivity/gainsharing awards up to and including \$7,500 for individual employees under their jurisdiction, awards of up to and including \$10,000 for individuals as suggestion awards, and group special contribution awards of up to \$25,000 provided no member of the group receives more than \$7,500. This authority may be re-delegated.
- (2) The Secretary may approve individual cash awards up to \$10,000 and may approve group awards in excess of \$10,000 provided no one group member receives more than \$10,000.
- (3) The Under Secretary for Health's delegation [of authority] for [incentive awards] may be found in [VA Handbook 5017, Part I, Appendix B].
- (4) The Under Secretary for Memorial Affairs' delegation [of authority] for [incentive awards] may be found in [VA Handbook 5017, Part I, Appendix C].
- (5) The Under Secretary for Benefits' delegation [of authority] for [incentive awards may be found in VA Handbook 5017, Part I , Appendix D.] []

- (6) Awards for an individual employee in excess of \$10,000 and up to \$25,000 must be reviewed and approved by the Office of Personnel Management.
- b. **Time Off Awards.** Key officials are authorized to approve time off awards up to 40 hours. Unless otherwise covered in a supplemental organizational policy issued by a key official, all time off awards in excess of 1 work day must be approved at a higher level than the individual who recommended the award.
- c. **Honor Awards.** Nominations for Secretary honor awards will be processed through the Office of the Assistant Secretary for Human Resources and Administration. Key officials are authorized to approve organizational honor awards and may delegate that authority to lower levels.

5. AWARD RESTRICTIONS

- a. **Aggregate Salary Limitation.** The amount of combined basic pay, allowance, differential, bonus award, or other cash payment that an employee can receive during the calendar year is limited to the salary of Executive Level 1, except for title 38 physicians and dentists where the calendar year limitation is the salary of the President of the United States. Should this limitation be a concern when recommending recognition for an employee, consult with your organization's finance officer for assistance in determining the projected total compensation for that individual through the end of the calendar year.
- b. Limitations during Presidential Election (5 U.S.C. 4508). During the period beginning June 1 in a calendar year in which a Presidential election occurs, and ending January 20 following the date of the election, monetary awards may not be granted to:
- (1) An individual in a Senior Executive Service position who is not a career appointee as defined in 5 U.S.C. 3132(a)(4); or
- (2) An individual in an excepted service position of a confidential or policy-determining nature (Schedule C).
- c. Employees in Executive Schedule Positions (5 U.S.C. 4509). In accordance with law, a cash award may not be granted to:
 - (1) An individual in an Executive Schedule position; or
- (2) An individual for whom pay is set in statute by reference to a section or level of the Executive Schedule

6. AWARD AND SUGGESTION RECORDS

- a. A case number will be assigned for identification and coding purposes to each cash, honorary, and time off award.
- b. Awards must be documented, filed, and reported in accordance with OPM requirements. Each servicing human resources office will maintain employee recognition records, including the forms and the justification/documentation to support award actions, for a period of 2 years from the approval date. Records of employee suggestions and the action taken on them will be retained for a period of 2 years from the date of final action on the suggestion.
- c. Form SF-50B, Notification of Personnel Action, which documents approved cash and honor awards will be filed on the left hand side of the personnel folder. Only Form SF-50B documenting Quality Step Increases will be permanently filed on the right hand side in the employee's personnel folder. A copy of VA Forms 4659[/4659a], 4239 or equivalent form produced for use with a special award program, along with supporting documentation, must be retained by either the organization's award liaison for the HRM office for a period of 2 years from the approval date. A copy of VA Forms 4659, 4239, or equivalent, may be filed in the employee's Employee Performance File. [See the General Records Schedule 1, items 12 and 13, for additional retention requirements related to incentive awards.]

APPENDIX A. [TYPES OF] EMPLOYEE RECOGNITION []

	AWARD	RECOGNIZES	FORM OF RECOGNITION	JUSTIFICATION NEEDED	ELIGIBILITY
ON A SPECIFIC CONTRIBUTION	Special Contribution Award (SCA) [includes "On-the-Spot" and Time Off Awards].	A contribution, act, service, or achievement that benefits VA/Federal Government. See part III and its appendix B for examples of contributions.	On-the-Spot - Minimal Cash Award, usually \$150 or less, that is granted as soon as possible after contribution of limited impact is made. May also include a non-monetary award item. Time Off - From 4 to 40 hours for a specific	Narrative description of act and how it benefited government. See part III, appendix D. Can document SCAs using VA Form 4659a.	Individual employees, groups or teams (SES ineligible for Time Off Awards.)
AWARDS BASED	[Superior Performance Award]	[Sustained performance beyond normal job requirements as reflected in the employee's most recent rating of record.]	contribution. Employee may receive up to 80 hours during a 12-month period. [A one-time cash award with the amount determined by the employee's performance rating.]	[A complete copy of the employee's performance appraisal and a narrative description of any factors that were considered but not covered in the appraisal, e.g., the employee's self-assessment.]	[Employees covered under VA's performance appraisal program.]

APPENDIX B. VHA DELEGATION OF APPROVAL AUTHORITY FOR CASH [], SUGGESTIONS, [AND] TIME OFF AWARDS, AND QUALITY STEP INCREASES

1. SPECIAL CONTRIBUTION/CASH AWARDS

a. VA Central Office

- (1) [Deputy] Under [Secretaries] for Health [or their designees; VA Central Office (VACO) chief officers; and the Dean, VA Learning University, are] authorized to approve up to and including \$7,500 for individual special contribution awards and up to and including \$25,000 for group special contribution awards for [] eligible [Senior Executive Service] employees [and title 38 equivalents, employees in General Schedule positions, and title 38 employees (e.g., physicians, dentists, nurses)].
- (2) [VACO chief consultants and staff office directors are] authorized to approve up to and including \$[5,000] for individual special contribution awards [and up to and including \$16,500 for group special contribution awards] for [] employees [in General Schedule positions and title 38 employees (e.g., physicians, dentists, nurses)]. []

b. VHA Field Facilities

- (1) [Field] Network directors are authorized to approve up to and including \$[7,500] for <u>individual</u> special contribution awards and up to and including \$[25,000] for <u>group</u> special contribution awards for eligible Senior Executive Service (SES) employees [and title 38 equivalents, employees in General Schedule positions, and] title 38 employees (e.g., physicians, dentists, nurses) [. **Approval authority may be re-delegated, as appropriate.**]
- (2) [Field] facility directors are authorized to approve up to and including \$[5,000] for individual special contribution awards and up to and including \$[16,500] for group special contribution awards for [] employees in [General Schedule positions and] title 38 employees (e.g., physicians, dentists, nurses), [including] Executive Grade physicians and dentists. Approval authority may be re-delegated, as appropriate. []

2. [SUGGESTION AWARDS]

a. VA Central Office

- (1) [Deputy] Under [Secretaries] for Health [or their designees are] authorized to approve up to and including \$10,000 for individual and group suggestion awards for [] employees.
- (2) [VACO chief officers and the Dean, VA Learning University, are] authorized to approve up to and including **\$[7,500]** for <u>individual and group</u> suggestion awards for [] employees.
- (3) [VACO chief consultants and staff office directors] are authorized to approve up to and including \$[5,000] for individual and group suggestion awards for [] employees. []

b. VHA Field Facilities

(1) [Field] Network directors are authorized	zed to approve up to a	and including \$7,500 fo	or <u>individual and</u>
group suggestion awards for [] employees.	[Approval authority	y may be re-delegated	, as appropriate.

(2)	[Field] facility directors are authorized	ed to approve up to and including \$5,000 for individual and
group	suggestion awards for [] employees.	Approval authority may be re-delegated, as appropriate.
[]		

3. TIME OFF AWARDS

a. VA Central Office

- (1) [Deputy] Under [Secretaries] for Health [or their designees; VACO chief officers; and the Dean, VA Learning University, are] authorized to approve time off awards up to and including **40 hours** for [General Schedule and] equivalent title 38 employees (e.g., physicians, dentists, nurses).
- (2) [VACO chief consultants and staff office directors are] authorized to approve time off awards up to and including **32 hours** for [General Schedule and] equivalent title 38 employees (e.g., physicians, dentists, nurses). []
- b. **VHA Field Facilities.** [Field] Network [] and facility directors are authorized to approve time off awards of up to and including **40 hours** for [General Schedule and] equivalent title 38 employees (e.g., physicians, dentists, nurses). **Approval authority may be re-delegated, as appropriate.** []

4. [TITLE 5] QUALITY STEP INCREASES

a. VA Central Office

- (1) [Deputy] Under [Secretaries] for Health [or their designees; VACO chief officers; and the Dean, VA Learning University,] are authorized to approve quality step increases for [title 5] employees [] in pay categories through the **GS-15 level** [under their jurisdiction].
- (2) [VACO] chief consultants and staff office directors are authorized to approve quality step increases for [title 5] employees in pay categories through the **GS-14 level**. []
- b. VHA Field Facilities. [Field] Network [] and facility directors are authorized to approve quality step increases for [title 5] employees in pay categories through the GS-15 level. Approval authority may be re-delegated, as appropriate. []

[5. DEFINITIONS

- a. **Special Contribution/Cash Award.** For the purpose of this handbook, a special contribution/cash award refers to a special contribution award, an on-the-spot award, or a productivity/gainsharing/goalsharing award.
- b. **Suggestion.** Employee suggestions are ideas that define a problem or objective, present a solution or plan for improvement and tell how the solution will improve the efficiency, economy or effectiveness of government operations or otherwise benefit the government.
- c. **Time Off Award.** Time Off Awards are time off from 4 to 40 hours (or 1-5 days for VHA full-time physicians, dentists, optometrists, and podiatrists) in recognition of a specific contribution.
- d. **Title 5 Quality Step Increase.** A quality step increase is an increase to an employee's rate of basic pay from one step of the grade to the next step that is granted in recognition of excellence in performance during the last appraisal cycle. The purpose of quality step increases is to recognize, on an individual basis, consistently high achievers by granting faster than normal step increases.

6. RESTRICTIONS

a. Special Contribution Awards

- (1) When approving group special contribution awards, the award amount for any employee within a group cannot exceed the approving official's dollar limit for an individual special contribution award (e.g., a field facility director can approve group special contribution awards up to and including \$16,500 as long as the award amount for any employee within the group does not exceed \$5,000).
- (2) Award amounts must be consistent with the Scales of Awards Based on Tangible and Intangible Benefits located in VA Handbook 5017, Part III, Appendix A.
- (3) Only Field Network and Facility Directors may act as both the recommending and approving official. Otherwise, the approving official must be at a higher management level than the official who recommended the award.
 - (4) See VA Handbook 5017, Part I, paragraph 5, for additional award restrictions.

b. Suggestion Awards

- (1) In order to qualify for a cash award, adopted suggestions must have measurable dollar benefits of at least \$250, or intangible benefits of comparable value, or a combination of both.
- (2) Awards may be in the form of cash or time off. In determining the amount of the award for adopted suggestions, the appropriate scale of awards in Part III of VA Handbook 5017 will be used.
- (3) Only Field Network and facility directors may act as <u>both</u> the recommending and approving official. Otherwise, the approving official must be at a higher management level than the official who recommended the award.

c. Time Off Awards

- (1) Employees in the Senior Executive Service (SES) and equivalents appointed under title 5 or title 38 are excluded from receiving time off awards.
- (2) Not more than 40 hours (or 5 days for title 38 employees on a daily leave system) may be granted to an employee for a specific contribution.
- (3) The maximum amount of time off that may be granted to any employee during a 12-month period is 80 hours (or 10 days for title 38 employees on a daily leave system).
- (4) The number of hours granted for a time off award must be consistent with the Scale of Time Off Awards located in VA Handbook 5017, Part III, Appendix F.
- (5) Only field Network and facility directors may act as <u>both</u> the recommending and approving official. Otherwise, all time off awards in excess of 1 day must be approved by an official at a higher management level than that which recommended the award.

d. Quality Step Increases

- (1) Only General Schedule employees appointed under title 5 are eligible to receive quality step increases.
- (2) A quality step increase may <u>not</u> be granted to an eligible employee who has received a quality step increase within the preceding 52 consecutive calendar weeks.
- (3) A quality step increase may <u>not</u> be granted to an eligible employee who is in step 10 of the pay grade.
- (4) Only field Network and facility directors may act as <u>both</u> the recommending and approving official. Otherwise, the approving official must be at a higher management level than the official who recommended the quality step increase.]

[APPENDIX D. VBA DELEGATION OF APPROVAL AUTHORITY FOR SPECIAL CONTRIBUTION AWARDS

The Veterans Benefits Administration's (VBA) delegation of authority for approval for special contribution awards is as follows:

- 1. The Under Secretary for Benefits is authorized to approve up to and including \$7,500 for individual special contribution awards and up to and including \$25,000 for group special contribution awards so long as no one employee receives more than \$7,500.
- 2. The Deputy Under Secretary for Benefits is authorized to approve up to and including \$7,500 for individual special contribution awards and up to and including \$25,000 for group special contribution awards so long as no one employee receives more than \$7,500.
- 3. Facility directors, program and staff office directors and the Associate Deputy Under Secretaries for Field Operations, Management, and Policy & Programs have the authority to approve up to and including \$5,000 for individual special contribution awards and up to and including \$10,000 for group special contribution awards so long as no one employee receives more than \$5,000.
- 4. All special contribution awards within VBA normally require a signature by an approving official. However, key officials may act as both recommending and approving officials on all monetary awards within their delegated authority to approve awards.
- 5. All special contribution award nominations exceeding monetary approval limits will be sent through channels to the appropriate approval level.]

EMPLOYEE RECOGNITION AND AWARDS

PART III. RECOGNIZING INDIVIDUAL AND GROUP CONTRIBUTIONS

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PART III. RECOGNIZING INDIVIDUAL AND GROUP CONTRIBUTIONS

1. SPECIAL CONTRIBUTIONS

a. **General Provisions.** Recognition through a cash award, time off award or other honorary or non-monetary means may be granted to an individual employee, group, or team of employees in recognition of a contribution, act, service or achievement that benefits VA/Federal Government []. The type and amount of award will be based on the value of the contribution to the organization. In determining the amount of an award, the appropriate table(s) in Appendix A of this part will be used. If a ceremony will be used to recognize award recipients, see [VA Handbook 5017, Part IV, Appendix B]. []

NOTE: Because recognition has its greatest impact as a motivational tool when it follows closely the contribution being recognized, every effort should be made by supervisors and managers to submit a recommendation as soon as possible after the contribution is made.

- (1) There is no limit on the number of special contribution awards that may be granted to an employee in any given period, either as an individual or as a member of a group or team.
- (2) When a special contribution award is based on a group contribution, each contributing employee, including supervisors, should share in the award. The award may be granted in equal shares or in shares which reflect actual demonstrated differences in contributions to the group effort.
- (3) Because the basis for monetary recognition is the contribution that was made and resulting benefits and not the number of people in a group effort, the total amount of a group award generally will not exceed the amount that could be authorized if the contribution had been made by one individual. Exceptions to the total amount of a group award may be approved by key officials for award amounts within their delegated approval authority. Reason(s) for the exception must be documented in the recommendation.
 - (4) Some examples of contributions for which a special contribution award may be appropriate are:
 - (a) High-level performance on a [special project while continuing to perform regular duties];
- (b) Creative efforts that resulted in an important contribution to the efficiency or economy of VA operations or improved customer service such as streamlining processes or procedures or a significant reduction in paperwork;
 - (c) A major medical advancement;
- (d) Overcoming unusual, unique, or difficult circumstances in the performance of duties with exceptional results that warrant recognition;
 - (e) Enhanced service delivery to customers through reengineering of work processes or procedures;
 - (f) Significant improvements in the quality of services and products for VA customers; and

(g) An act of heroism or unusual courage or competence in an emergency situation which was connected with or related to official employment;

NOTE: See checklist in [VA Handbook 5017, Part III, Appendix D] for additional examples of contributions that may warrant a special contribution award.

- (5) Examples of situations where a monetary award is not appropriate, but an employee may be eligible for a time off award or other non-monetary recognition, are included in [VA Handbook 5017, Part III, Appendix B].
- (6) Generally, award recommendations will be submitted as soon as possible following the contribution. Cash and time off awards recommendations should be submitted using VA Form 4659, Incentive Awards Recommendation and Approval, and will contain a justification that summarizes the contribution and includes a description of the benefits to VA or beyond from the contribution which serve as the basis for the award. The justification may be completed on VA Form 4659a, Checklist for Special Contribution Award Recommendations, as an attachment to VA Form 4659, or on bond paper. Recommendations for special awards programs, such as "On-the-Spot" awards, may be submitted on alternative forms as indicated in the procedures for the special awards programs.

b. Types of Awards for Special Contributions

- (1) Special Contribution Awards of up to \$10,000 per employee to recognize individual, group, or team efforts.
- (2) On-the-Spot Awards provide immediate recognition of one-time, short-term efforts that do not meet the minimum requirements for a special contribution award. On-the-Spot Awards may be cash or non-monetary or both.
- (3) A Time Off Award is an excused absence granted to an employee without charge to leave or loss of pay. Time off may be used alone or in combination with other forms of special contribution awards. See appendix F of this part for additional information on time off awards.
 - (4) Non-monetary awards are discussed in [VA Handbook 5017, Part IV, paragraph 2].
- **2.** [SUPERIOR PERFORMANCE AWARDS. A superior performance award is a one-payment cash award that may be granted to an employee for sustained superior performance on job responsibilities over the period of a rating year. Managers should encourage and reward excellence in performance by granting these awards when appropriate to deserving employees. The factor used in identifying award recipients will be performance ratings.

a. Eligibility

- (1) Only VA employees covered under VA's performance appraisal program are eligible to receive superior performance awards.
- (2) Superior performance awards are not required, but may be granted to employees whose rating of record is fully successful or higher.
- (3) An eligible fully successful rating must include the attainment of an exceptional achievement level on at least one critical element
 - b. **Period of Performance.** This will coincide with the rating year.
- c. **Amount of Superior Performance Award.** The dollar amount of the superior performance award will be determined by the performance rating attained.
- d. **Appeal.** The failure to grant an employee a superior performance award or the amount of a superior performance award may not be appealed.
- 3]. QUALITY STEP INCREASE (QSI). A quality step increase is an increase to an employee's rate of basic pay from one step of the grade to the next step that is granted in recognition of excellence in performance during the last appraisal cycle. The purpose of such increases is to recognize, on an individual basis, consistently high achievers by granting faster than normal step increases.

a. Eligibility

- (1) Only General Schedule employees are eligible to receive quality step increases. Employees in occupations identified in 38 U.S.C. 7401(3) are eligible for one-step Special Advancements for Performance, subject to meeting the criteria for QSIs. (See [VA Handbook 5017, Part V, subparagraph 6.f.] for specific instructions.)
- (2) Quality step increases are not required but may be granted to employees [who receive an Outstanding rating of record].
- (3) QSIs are appropriate when an employee's sustained high level of achievement merits faster than normal advancement of basic pay and that employee is not in step 10 of the grade. A QSI not only increases an employee's base pay, but also increases the amount of retirement benefits, the amount of Government life insurance for covered employees, and often results in a higher basic pay adjustment upon promotion of the employee.

NOTE: Because a QSI represents an increase in base pay, this type of recognition may increase an organization's budget well into the future. []

b. **Submission.** Recommendations for quality step increases will be submitted as soon as possible after the end of the appraisal cycle, on VA Form 4659, and will be accompanied by a complete copy of the employee's most recent performance appraisal and a narrative statement on bond paper describing the

overall exceptional performance meriting this recognition. VA Form 4652, Request for Personnel Action, should also be provided with the justification to ensure timely processing.

- c. **Restrictions.** A quality step increase may not be granted to an eligible employee who has received a quality step increase within the preceding 52 consecutive calendar weeks or who is in step 10 of the pay grade.
- d. **Effect on Regular Within-Grade Increases.** An employee who receives a quality step increase does not start a new waiting period to meet the time requirements for a regular within-grade increase. If the increase places the employee in the *fourth or seventh step* of his or her pay grade, however, the waiting period for the within-grade increase is extended by 52 weeks. Because a QSI is intended to recognize and motivate an employee, the avenue most advantageous to the employee should be taken. Also, if the employee is about to be promoted, the QSI may or may not benefit the employee once promoted.

NOTE: The following chart compares the impact of the effective date of a QSI on an employee's progression from step 3 through step 5 of the grade. In the illustration, a decision was made to award a QSI to an employee who is due for a within-grade increase to step 4 in January 2004. The last two columns illustrate how making the QSI effective before or after the due date of the step 4 within-grade increase affects the due date for the within grade increase to step 5.

Impact of QSI on Regular Within-Grade Increase					
Regular Within-Grade (WGI) Progression	Impact of QSI	Impact When WGI Places Employee in Step 4 of Grade because QSI is delayed			
WGI to step 3 - effective 1/03	WGI to step 3 - effective 1/03	WGI to step 3 - effective 1/03			
WGI to step 4 - effective 1/04	QSI to step 4 - effective 1/03	WGI to step 4 - effective 1/04			
WGI to step 5 - effective 1/06	WGI to step 5 - effective 1/05	QSI to step 5 - effective 1/04*			

^{*}WGI and QSI may be processed on the same date as the WGI will always be effected first.

- e. **Effective Date.** Quality step increases should be made effective as soon as possible after they are approved unless a short delay would benefit the employee. Because the approval of the increase is a discretionary action, it may not be approved retroactively. However, if an administrative error occurred *after* the increase was approved that caused a delay in the increase being processed, it may be made effective retroactive to the first day of the first pay period following the date of approval.
- [4]. PRODUCTIVITY SHARING OR GAINSHARING AWARDS. Productivity sharing or gainsharing programs are subject to the same award criteria that apply to other awards. These are awards that are paid out on a regular recurring basis in recognition of exceeding predetermined levels of productivity during the measurement period. Key officials may establish productivity sharing or gainsharing programs to engage many or all employees in a common effort to achieve gains in

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productivity, quality or effectiveness and share some portion of the savings resulting from the gains to the employees or groups of employees who, through enhanced teamwork and common commitment, produce those results. Although such programs generally offer monetary incentives, they may also offer or be combined with time off or other forms of recognition.

NOTE: In establishing a productivity sharing or gainsharing program, organizations are encouraged to involve employees in the design and administration of the program to obtain employee buy-in and support of the initiative.

- a. **Coverage.** Gainsharing programs may cover an entire organization, work units, teams or individual employees in specific occupations where output can be measured against preestablished goals.
- b. **Defining Performance Measures.** Productivity, quality and/or effectiveness, whichever is being measured, should be defined in terms of resources used to produce measurable results. Compared with baseline data, these programs should include a predetermined method for measuring gains as well as for calculating the amount of any award based on the gain.
- c. **Defining Measurement and Award Formulas.** The formulas developed to *determine gains* should generally be related to the nature of the work and the purpose for which the program was established. The formula developed to *calculate awards* based on gains should be related to a baseline standard to which a value is attached for each increment by which the standard is exceeded. For groups, the formula may also include the method for distributing the award among the employees who produced the gain. The award may be a uniform percentage of base pay, a set dollar amount, scale of time off, or other.
- d. **Program Evaluation.** The results of a productivity sharing or gainsharing program should be monitored and evaluated periodically to ensure that the results achieved, and awards driven by them, are consistent with the intent of the program. Results of such reviews may signal the need to adjust standards that are consistently surpassed over time or are affected by new technology or work processes.
- e. **Distribution of Awards.** Awards that result from these types of programs should be distributed as closely as possible after the gain has been realized. Awards may be paid on an annual, semi-annual, quarterly, monthly or biweekly basis or may be granted at other intervals based on the nature of the work and the type and size of the awards.
- f. **Establishing Productivity Sharing or Gainsharing Programs.** Gainsharing programs should describe:
 - (1) Objectives of the awards program (what the program is supposed to achieve);
- (2) Coverage (which employees, groups of employees, work units or occupations are covered by the program);

- (3) Types of outcomes that will be measured (improved productivity, quality, effectiveness);
- (4) How the gains will be determined;
- (5) Type of award that will be provided (flat amount cash award, cash award based on percent of base pay, time off, or other form of recognition);
 - (6) How awards will be calculated based on gains;
 - (7) Frequency for distributing the awards;
 - (8) How, where and/or when the awards will be presented; and
 - (9) Frequency and method of program evaluation.

[5]. ORGANIZATIONAL AWARDS PROGRAMS

- a. Organizations are strongly encouraged to develop special awards programs to use along with other Departmental awards, to support specific organizational goals and objectives. These programs link most forms of recognition (monetary, non-monetary and time off) directly to the achievement of specifically defined organizational initiatives such as improved customer service, innovative practices, quality initiatives, elimination of unnecessary work processes or procedures, etc. These awards can also be used to recognize and reinforce organizationally defined values such as courtesy, employee empowerment, responsiveness to customers, risk taking, etc.
- b. In planning and developing a special use awards program, involvement of employees and supervisors at all levels is encouraged to create awareness and understanding of the program's goals and objectives, and to facilitate employee acceptance of the program. Employee input is also useful to ensure that the type of recognition being proposed is meaningful to employees and will serve as a motivator.
- c. Special awards programs need to be described in writing and approved by a key official or his or her designee. The description of such programs should include:
 - (1) The objective of the awards program (what the program is supposed to achieve);
- (2) The types of contributions that will be recognized (describe criteria and provide concrete examples whenever possible);
- (3) The specific information that nominations must contain (a standardized nomination format will simplify the nomination, review, and selection process);

APPENDIX A. AMOUNTS OF CASH AWARDS

- 1. The extent to which an employee or group of employees makes a contribution in support of VA's mission and the value of that contribution are the bases for granting a monetary award. Such awards are calculated using the appropriate table(s) on the next [three] pages.
- a. Tangible benefits are specific monetary savings that can be calculated. When used as the basis for determining a cash award, tangible benefits are calculated based on an estimate of savings for the first full year. When there are significant nonrecurring costs involved in implementation, the amount of the award may be based on an *average* of the estimated net benefits over a period of up to 5 years.
- b. Intangible benefits measure the value of a suggestion or contribution when its worth cannot be calculated in dollars, and considers such factors as value or significance of the contribution, and extent of application and impact.
- 2. The minimum cash award that may be granted under this program is \$50.
- 3. A cash award granted under this program is a lump-sum award that is in addition to the regular pay of the recipient and is subject to the withholding of income and Medicare taxes.
- 4. When a cash award is authorized for a group of employees based on a contribution or suggestion, each contributing employee may share in the award equally or in shares proportionate to each employee's participation in the contribution.
- 5. Exceptions to application of the scales of awards may be made as follows: (1) a properly calculated cash award for a group of employees may be increased by a reasonable amount if it would not provide a meaningful award (at least \$50 per employee) when divided among the recipients; or (2) a properly calculated cash award for an employee whose contribution falls directly within job requirements, but that is so outstanding that it warrants a cash award, may be reduced.

APPENDIX F. TIME OFF AWARDS

1. GENERAL PROVISIONS

- a. Time off awards may be granted to an individual or group of employees for contributions that benefit the Department.
 - b. The amount of a time off award is subject to the following:
- (1) The minimum time off award is 4 hours, except for VHA full-time [title 38 employees paid on a daily basis], who may only be granted time off in increments of 1 day (8 hours equivalent).
 - (2) Time off awards will be granted in increments of 1 hour.
 - (3) Not more than 40 hours may be granted to an employee for a specific contribution.
- (4) The maximum amount of time off that may be granted to any employee during a 12-month period is 80 hours.
- (5) Time off must be used by the employee in increments of 1 hour, except that VHA full-time [title 38 employees paid on a daily basis] must use in 1-day increments.
- c. Normally, each time off award must be used within 180 days after the date on which it was approved. At the request of the employee, a supervisor may extend the period of time to use a time off award for an additional 180 days. In no case may the total period for use of the award exceed 1 year from the date the time off award was granted. Failure to use an award within the prescribed period will result in the employee's forfeiture of any unused portion of the award.
- d. Time off awards may be transferred when an employee changes jobs or organizations within VA. Time off awards may not be transferred to another Federal agency if an employee leaves VA and, likewise, time off will be forfeited upon an employee's separation from VA and may not be treated as annual leave for lump-sum payment purposes. Time off may not be recredited to a former employee if reemployed by VA.
- e. Time off awards may not, under any circumstances, be converted to a cash payment to an employee or group of employees.
- **2. COVERAGE.** [Except as provided in VA Handbook 5017, Part III, paragraph 3,] employees who earn leave under the provisions of 5 U.S.C., chapter 63 or 38 U.S.C., chapter 74 and VA Handbook 5011, Hours of Duty and Leave.

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c. Upon [reassignment] of a VA employee to another VA facility, supervisors will be responsible for ensuring that information on any unused time off balance is provided to the servicing human resources management office for recording on VA Form 3918, Intra-agency Transfer Request, in the "Remarks" section. The amount(s) of unused time off and respective expiration date(s) must be annotated. Human Resources Management officials at the gaining facility must ensure this information is provided to the new supervisor who, in turn, will ensure the appropriate timekeeper is provided this information for recordkeeping purposes. Since time off awards have a specific expiration date, expedited transfer of this information is essential.

4. PROCEDURES FOR REQUESTING SERVICE AWARDS FROM THE SECRETARY (50, 55, 60, AND 65 YEARS OF SERVICE)

- a. Extraordinary careers spanning 50 years or more of Federal service are recognized by the Secretary with a personal letter, signed certificate, and pin. For 55, 60, and 65 years of service, recognition includes a letter from the President, and a letter and [gift box] from the Secretary.
- b. Requests for such recognition should be prepared and submitted as soon as possible (preferably not later than 30 days prior to the eligibility date) to ensure timely recognition of these rare and exceptional service milestones. The request can be in the form of a memorandum to the Deputy Assistant Secretary for Administration (035), through appropriate organizational channels. Within VHA, requests should be submitted through appropriate local organizational channels to the Director, Management Support Office ([10A2A]), VA Central Office. To ensure proper and timely processing, the following information should be included with your request:
 - (1) Full name of the employee, including any titles, such as Dr., Mr., Ms., or Mrs.;
 - (2) Employee's title, facility name (or VACO organization), and mailing address;
 - (3) Employee's Service Computation Date (please verify the date before submitting request);
- (4) Total years of service (broken down by dates of service for civilian positions held, position titles, and Federal Department or Agency). If the employee has military service, include the years of service, rank, and branch of service;
 - (5) Date employee achieves service milestone;
 - (6) Brief statement or listing of awards/honors received;
- (7) Information on ceremonial arrangements (who will present and where, and when the ceremony will be held); and
 - (8) Contact person and phone number in case additional information is needed.

- a. **Consideration.** Full-time, part-time and intermittent physicians (other than chiefs of staff), dentists, podiatrists and optometrists in Executive grade and below and registered nurses (other than nurse executives), nurse anesthetists, physician assistants, and expanded-function dental auxiliaries who have demonstrated a sustained high level of performance and professional competence over and above that normally expected of employees in the particular grade and profession, or who have made noted contributions in some phase of their profession, may be considered for Special Advancements for Performance (SAP). Pharmacists, occupational therapists, physical therapists, certified respiratory therapists, registered respiratory therapists, and licensed practical or vocational nurses may be considered in accordance with paragraph f below.
- b. **Physicians, Dentists, Podiatrists and Optometrists.** An advancement of three steps, not to exceed the maximum of the grade, may be granted in lieu of and on the same due date established for a periodic step increase. Two steps may be granted when employee is at the eighth step of the grade. The employee must have demonstrated a sustained high level of performance as evidenced by the following examples:
 - (1) Demonstration of exceptional skills and aptitudes in the care and treatment of patients.
- (2) Actual assumption of greater professional and/or administrative responsibility. Faculty appointment (post residency) at the rank of instructor or above may be considered as a greater responsibility.
 - (3) Significant research.
 - (4) Significant clinical contribution (including publication).
- c. **Registered Nurses and Nurse Anesthetists.** An advancement of one step within the grade may be granted to covered employees when there has been a demonstrated sustained high level of performance and ability over and above that normally expected of employees in the particular grade and profession. In addition, one or more of the criteria listed in chapter 4, paragraph 6 of part III of VA Handbook 5005, Staffing, must be met. []
- d. **Physician Assistants.** The employee must have demonstrated a sustained high level of performance and ability over and above that normally expected of employees in the particular grade and profession or there must have been noted contributions in some aspect of health care. Criteria for one-step advancement will be demonstrated superior performance as evidenced by:
 - (1) Assumption of a major responsibility in administering a major patient care program.
- (2) Significant accomplishments associated with an academic program conducted in affiliation with the facility where the physician assistant is employed.

- b. Registered Nurses, Nurse Anesthetists, Physician Assistants, and Expanded-Function Dental Auxiliaries
- (1) An advancement of one step, not to exceed the maximum of the grade, may be granted at any appropriate time within any period of 52 weeks.
- (2) The advancement shall not be regarded as an equivalent increase or in lieu of a periodic step increase.
 - (3) No more than one such advancement may be granted within any single 52-week period.
- c. **Hybrids.** Employees in occupations identified in 38 U.S.C. 7401(3) are eligible for one-step special advancements for performance, subject to meeting the criteria for QSIs.
- **NOTE:** [] Chiefs of Pharmacy Service will continue to be considered for step increases through the annual step rate review process and are not eligible for Special Advancements for Performance.

8. CRITERIA FOR CASH AWARDS FOR FULL-TIME, PART-TIME, AND INTERMITTENT REGISTERED NURSES AND NURSE ANESTHETISTS APPOINTED UNDER 38 U.S.C. 7306, 7401(1) AND 7405

- a. **General.** Cash awards under this paragraph are in addition to special advancements mentioned previously in this chapter. A registered nurse or nurse anesthetist may not receive a Special Advancement for Performance and a Special Contribution Award based on the same performance, nor may they receive a Special Advancement for Achievement and a Special Contribution Award based on the same achievement or contribution. However, when it is determined appropriate, a registered nurse or nurse anesthetist may be granted a Special Advancement for Performance or Achievement and a cash award for exemplary job performance and exemplary job achievement as outlined in paragraph c below.
- b. **Specialty Certification.** Specialty certification is a mechanism for recognizing employees who have been certified by the appropriate national certifying body. For this paragraph, specialty certification includes second and subsequent certifications, but does not include recertification or renewal of previously held certifications. Certification also includes advanced certification, provided the requirements for advanced certification are clearly in addition to basic certification.
- (1) **Cash Awards.** The Director or designee must grant a cash award of up to \$2,000 to covered employees who become certified while on VA rolls in a specialty related to the accomplishment of VA's health care mission.
 - (2) Establishment of Written Policy Concerning Cash Awards for Specialty Certification
 - (a) Responsibilities:
 - 1. Facility directors shall establish written policies for granting cash awards for certification.